



Written by [Bob Adelman](#) on April 4, 2016

\$15 Minimum Wage Laws Spreading Across the Country

Today California Governor Jerry Brown [will sign a bill](#) raising the state's minimum wage to \$15 an hour, the first state to do so. The law will do it in stages over the next six years so that the unemployment impact won't be so severe. In the next couple of weeks, legislation that has passed the New York legislature also raising that state's minimum wage to \$15 an hour is expected to be signed into law as well.



Unions and others pushing the "Fight for \$15" policy are now gearing up to push the \$15 minimum wage on other states, such as Illinois, Massachusetts, Michigan, New Jersey, Oregon, Rhode Island, and Washington.

The liberal line was expressed by former President Bill Clinton in 2014 when he pushed for the legislation:

I think we ought to raise the minimum wage because it doesn't just raise wages for the three or four million people who are directly affected by it, it bumps the wage structure everywhere.... The estimates are that 35 million Americans would get a pay raise if the federal minimum wage was raised.... If you [raise the minimum wage] in a phased way, it always creates jobs. Why? Because people who make the minimum wage or near it are struggling to get by, they spend every penny they make, they turn it over in the economy, they create jobs, they create opportunity, and they take better care of their children. It's just the right thing to do, but it's also very good economics.

Peter Dreier, a professor of politics (but not economics!) at California's Occidental College, exulted over California's new law:

The new law will boost paychecks for millions of California workers. More than 40% of California workers earn less than \$15 an hour. By putting more money in people's pockets, the pay increase will improve the economy by increasing consumer spending in businesses throughout the state.

Absent was any concern over those California workers who will inevitably lose their jobs when their employers discover their labor isn't worth what they're being paid. Also absent was any concern over the violation of the private right to contract between a worker and his employer. Gone are those whose labor isn't worth \$15 an hour, but might be worth less to an employer.

Other unintended consequences will affect those working in California's manufacturing companies that sell their goods outside California. They can't raise their prices due to competition, and as a result many of those jobs will be transferred out of state to more common-sense states.

It's no wonder that Governor Brown originally opposed the bill he is signing on Monday, saying that you can raise "the minimum wage too much and you put a lot of poor people out of work. There won't be a lot of jobs."

He was informed that the high minimum-wage law would put so many people out of work that it will likely cost the state a minimum of \$4 billion annually after it has been fully phased in. Other estimates



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from the California Department of Finance approached \$5 billion in declines in revenue over just the next three years, putting the state budget back into deficit.

The problem with minimum-wage laws is that they don't work. Study after study show that the ones hurt the most are the very ones politicians claim they want to help. Data from the Bureau of Labor Statistics (BLS) show that while workers under age 25 make up only about 20 percent of those who earn hourly wages, they constitute half of all workers earning the minimum wage, or less. Raising the minimum wage is therefore a poverty-enhancing move, not one that will lift people out of poverty.

Research published in 2010 by economists Joseph Savia and Richard Burkhauser concluded that raising the minimum wage would help only 11 percent of workers; the rest would have either their hours cut back or their jobs eliminated altogether.

James Sherk, a research fellow at The Heritage Foundation, said the minimum-wage increase in California will be felt primarily in "industries like fast food or hotels ... [for them] the only place they can get money is by raising their prices. This will cause consumers to purchase less goods and services. It'll hurt consumers in their wallets."

The best study to date is what is actually happening in Seattle, which passed a \$15 minimum-wage in 2014 that will be gradually phased in over the next few years. From January through September the state of Washington, outside of Seattle, saw food services employment increase by 5,800 jobs, while restaurant employment in Seattle proper declined by 700 jobs. As Mark Perry, the economist reporting on the results, explained, there isn't enough data yet (thanks to the phasing in of the law) to prove conclusively the cause and its effect. But, he said, "What we do know for sure is that there are now 700 Seattle area restaurant workers who were employed in January who are no longer employed today."

There are other reasons that minimum wage laws should be shunned, including that the enforcement of the laws increases the size, cost, and reach of governments; the laws discriminate against unskilled or low-skilled employees, especially minorities; and those still working will likely find their hours reduced along with their fringe benefits such as on-the-job training as business owners struggle to pay the new mandated wages.

Economic ignorance is rampant among voters who generally support the raise. A study by The Pew Center in January 2014 showed that three-quarters of Americans supported raising the minimum wage from \$7.25 to \$10.10 an hour. That included 53 percent of Republicans and 90 percent of Democrats. Another study at the same time showed that 74 percent of Independents surveyed favored raising the minimum wage as well.

Aside from economic ignorance, union support, and collecting political points for appearing to do something for the poor, minimum wage legislation is also a tool for the PC crowd. Those opposed to that legislation are vilified and intimidated into silence. One example will suffice. In her push for raising the minimum wage, California Senator Nancy Pelosi challenged opponents: "We want to raise the minimum wage, and you don't. Why not?"

There is at least one unintended consequence of the determination to enforce a \$15 minimum wage: Robotics. Implementing this agenda will force business owners who can't move their jobs or their companies outside California or New York to increase the replacement of their now-overpriced workers with robots. Lowes Home Improvement centers, Target, and an increasing number of restaurants are putting in place robots who don't demand a minimum wage, healthcare, sick days, or retirement plans.



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